



Fox Rothschild LLP  
ATTORNEYS AT LAW

Eagleview Corporate Center  
747 Constitution Drive, Suite 100  
P.O. Box 673  
Exton, PA 19341-0673  
Tel 610.458.7500 Fax 610.458.7337  
www.foxrothschild.com

JOHN J. MIRAVICH  
Direct Dial: 610-458-3128  
Email Address: JMiravich@Foxrothschild.com

May 14, 2015

**VIA E-MAIL**

Margaret L. Hutchinson, Esquire  
Civil Chief - Assistant United States Attorney  
U.S. Attorney's Office  
615 Chestnut Street, Suite 1250  
Philadelphia, PA 19106-4476

**Re: Update on City of Reading Wastewater Treatment Plant Consent Decree Projects**

Dear Peg:

There have been a few substantial developments associated with the efforts of the City of Reading ("City") to complete the capital improvements to its wastewater treatment plant as required by the Modification to the Consent Decree entered with the United States District Court for the Eastern District of Pennsylvania (Civil Action No. 04-05696) ("Modification").

Pursuant to Paragraph 13 of the Modification, the Parties (DOJ, EPA, PaDEP, and the City) are to meet annually to discuss the City's progress. Because the improvements for the wastewater treatment plant are at 100% design, the City believes that it would be very helpful to have this annual meeting as soon as possible. The City also thinks that it would be helpful for the City's construction team to attend the meeting to help answer technical questions related to the project. Please let us know when you have availability to meet within the next three to five weeks so we coordinate scheduling the meeting.

In anticipation of the annual meeting, below is a general summary of the status of the wastewater treatment plant project.

**(1) Progress of the Rehabilitation of Secondary Digester Number Four**

Paragraph 6 of the Modification requires the City to complete the rehabilitation of Secondary Digester Number Four by July 31, 2015. The construction of Secondary Digester Number Four is on schedule and expected to be completed this month.

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## **(2) PENNVEST Funding**

PENNVEST has awarded the City an approximately \$83 million low interest loan for the construction of the liquids treatment processes for the wastewater treatment plant. The City is also applying to PENNVEST for funding associated with the construction of the solids treatment processes for the wastewater treatment plant. The PENNVEST funding will result in debt service savings that will be used to help mitigate impacts to sewer rental rates in the City and contributing municipalities.

## **(3) Bidding of the Wastewater Treatment Plant Liquids Treatment Process Construction**

In February 2015, the City solicited bids for the four prime contracts associated with the construction of the wastewater treatment plant liquids treatment process. Sealed bids were received by the City on April 17, 2015. The City only received one bid for the general construction contract (which would be performing roughly 75% of the work). According to the City's design engineer, RK&K, that bidder had never acted as a general contractor on a wastewater treatment project. RK&K advised the City not to award the construction project because the bidder was unqualified. In addition, the aggregate sum of the low bids exceeded RK&K's construction estimate for the project by more than \$12 million. Therefore, the City felt that the most prudent decision was to reject all bids.

The City continues to discuss potential options with RK&K on how to move forward with the project because of the City's sensitivity to the Modification's deadlines. RK&K is currently evaluating combining the construction of the liquids process and solids process into a single project to reduce the number of prime contractors, improve construction efficiency, and hopefully condense the project schedule.

As mentioned above, the City believes a meeting between the regulators, the City, and the City's construction team in the next three to five weeks would be appropriate.

Sincerely,



John J. Miravich

cc: Christopher Day, Esquire (*EPA*)  
Nels Taber, Esquire (*PaDEP*)